

Nevada Prepaid Tuition Program Description and Master Agreement

2014 Open Enrollment

12/01/2013 - 02/28/2014

Newborns accepted through 06/30/2013.

choose your plan

- ♦ 4 Year University
- ♦ 2 Year University
- ♦ 1 Year University
- ♦ 2 Year Community College
- ♦ 2 Year Community College/
2 Year University Combination

choose your payments

- ♦ 5 Year Monthly Payment Option
- ♦ Long Term Monthly Payment Option
- ♦ One Time Payment

First Payment not due until 05/15/2014



Tomorrow's Tuition - Today's Prices
NVPrepaid.gov



Administered by
Nevada State Treasurer
Kate Marshall

Kate Marshall
State Treasurer



Steve George
Chief of Staff

Mark Mathers
Chief Deputy Treasurer

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

December 1, 2013

Dear Nevada Families:

Promise Made. Promise Paid. That's the goal of the Nevada Prepaid Tuition Program; to help Nevada families keep the promise of a higher education for their children.

Finding the money to send your child to college can be a monumental task, but we'd like to help you achieve that promise by encouraging you to begin saving for college today by purchasing a Nevada Prepaid Tuition contract. The cost of attending college continues to escalate, and that's where the Nevada Prepaid Tuition Program can assist you in meeting the challenge by purchasing higher education tuition credits at today's prices for use when your child is ready to go to college.

The Program offers university, community college, or a combination of tuition credit choices. The earlier you start, the more affordable your payment options are. *Purchased tuition credits may be used to pay tuition costs at both in-state and out-of-state eligible public or private colleges or universities.*

The 2014 enrollment period for the Nevada Prepaid Tuition Program opens December 1, 2013, and closes on February 28, 2014. I invite you to review the options and consider joining the more than 16,089 Nevada families which have already enrolled their children and are benefiting from the "peace of mind" gained by planning ahead. To learn more about the Nevada Prepaid Tuition Program, please visit www.NVPrepaid.gov, or call my office at 702 486-2025.

Best regards,

A handwritten signature in blue ink that reads "Kate Marshall".

Kate Marshall
State Treasurer



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STATE TREASURER PROGRAMS
Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

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Introduction¹

The Nevada Prepaid Tuition Program (“Program”) allows you to purchase tomorrow’s college tuition at today’s rates. Contracts available through the Program allow the purchase of community college and university level credit hours at any eligible higher education institution for use when the Beneficiary is ready to attend college. You may choose from a variety of plan options which pay the actual cost of basic tuition charged to a Nevada resident for undergraduate credit hours. Program earnings are currently free from federal taxes if the educational benefits are used to pay for the cost of future college credit hours.

The Program offers flexibility and portability, providing a variety of plan choices and payment options, including monthly payments made until the date the Beneficiary graduates from high school. The contract can also be used to pay tuition costs at both in-state and out-of- state eligible public or private colleges and universities.

The Program is offered pursuant to Nevada Revised Statutes (NRS) 353B and the Nevada Administrative Code (NAC) 353B. Internal Revenue Service (IRS) Code Section 529 authorizes states and state agencies to establish and maintain tax-advantaged qualified tuition programs intended to assist individuals and families in paying for qualified higher education expenses. The Nevada Prepaid Tuition Program, administered by the State Treasurer through the Board of Trustees of the Nevada College Savings Plans, is a qualified 529 plan. Funds are deposited and managed in the Nevada Higher Education Tuition Trust Fund. To learn more about Nevada’s Prepaid Tuition Program, visit the website at www.NVPrepaid.gov.

The Program is compatible with the Governor Guinn Millennium Scholarship and other 529 college savings plans. While a Nevada Prepaid Tuition contract pays the basic costs of tuition through credit hour disbursements, the Millennium Scholarship and a personal 529 college savings plan account can provide additional funds to pay for other qualified higher education expenses such as college fees, books, and equipment required for attendance, and certain room and board costs not covered by the Prepaid Program.

You may invest in the Program as long as either the purchaser or the student (Beneficiary) is a Nevada resident, or the purchaser graduated from a Nevada public college or university.

¹ Defined terms in this Program Description have the meanings attributed to them in the Master Agreement.

Contracts and Pricing: 2014 Enrollment

Now in its 15th year of operation, the Nevada Prepaid Tuition Program offers five different plans including a community college plan, three university plans, and a combination community college – university plan. Payment options include a one-time lump sum payment, a five-year monthly payment plan (sixty months), and an extended monthly payment plan (monthly until high school graduation). Making a down payment of \$1,000 or more is also an option. Contact the Program office for more details on making an optional down payment, if interested..

The following tables provide the 2014 Enrollment Period Contract prices. To determine a price, decide which Credit Hour plan you want to purchase, then find the Beneficiary's age or grade on the left hand side of the chart. Next, the columns moving across the chart will provide you with the prices and number of payments for different payment options. If you enroll during the 2014 enrollment period, which ends February 28, 2014, **your first payment will not be due until May 15, 2014.**

NEVADA PREPAID TUITION PROGRAM 2014 PRICES AND PLANS

Plan A: Four Year University
120 University Level Credit Hours

	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
Age/Grade	1 Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
Newborn	\$22,150	207	\$179	60	\$433
Age 1	\$22,200	195	\$186	60	\$434
Age 2	\$22,250	183	\$193	60	\$435
Age 3	\$22,300	171	\$201	60	\$436
Age 4/5*	\$22,350	159	\$211	60	\$437
K	\$22,400	147	\$222	60	\$438
1 st	\$22,450	135	\$236	60	\$439
2 nd	\$22,510	123	\$252	60	\$440
3 rd	\$22,560	111	\$272	60	\$441
4 th	\$22,722	99	\$298	60	\$444
5 th	\$22,888	87	\$331	60	\$447
6 th	\$23,057	75	\$375	60	\$451
7 th	\$23,230	63	\$436	60	\$454
8 th	\$23,423	51	\$526	n/a	n/a
9 th	\$23,628	39	\$672	n/a	n/a

Plan B: Two Year University
60 University Level Credit Hours

	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
Age/Grade	1 Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
Newborn	\$11,070	207	\$90	60	\$217
Age 1	\$11,100	195	\$94	60	\$218
Age 2	\$11,120	183	\$97	60	\$218
Age 3	\$11,150	171	\$101	60	\$219
Age 4/5*	\$11,180	159	\$106	60	\$219
K	\$11,200	147	\$112	60	\$220
1 st	\$11,230	135	\$119	60	\$220
2 nd	\$11,294	123	\$127	60	\$222
3 rd	\$11,372	111	\$138	60	\$223
4 th	\$11,460	99	\$151	60	\$225
5 th	\$11,547	87	\$168	60	\$226
6 th	\$11,632	75	\$190	60	\$228
7 th	\$11,718	63	\$221	60	\$230
8 th	\$11,825	51	\$266	n/a	n/a
9 th	\$11,944	39	\$340	n/a	n/a

*Five year olds not yet in Kindergarten as of September 30, 2013, will follow the Age 4/5 pricing.

**Plan C: One Year University
30 University Level Credit Hours**

	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
Age/Grade	1 Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
Newborn	\$5,540	207	\$46	60	\$109
Age 1	\$5,550	195	\$48	60	\$110
Age 2	\$5,560	183	\$49	60	\$110
Age 3	\$5,580	171	\$51	60	\$110
Age 4/5*	\$5,590	159	\$54	60	\$110
K	\$5,602	147	\$57	60	\$111
1 st	\$5,641	135	\$60	60	\$111
2 nd	\$5,680	123	\$65	60	\$112
3 rd	\$5,720	111	\$70	60	\$113
4 th	\$5,770	99	\$77	60	\$114
5 th	\$5,809	87	\$85	60	\$115
6 th	\$5,853	75	\$96	60	\$116
7 th	\$5,895	63	\$112	60	\$116
8 th	\$5,965	51	\$135	n/a	n/a
9 th	\$6,023	39	\$172	n/a	n/a

**Plan D: Two Year Community College/Two Year University
60 Community College Level /60 University Level Credit Hours**

	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
Age/Grade	1 Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
Newborn	\$15,370	207	\$125	60	\$301
Age 1	\$15,410	195	\$129	60	\$302
Age 2	\$15,522	183	\$135	60	\$304
Age 3	\$15,638	171	\$142	60	\$306
Age 4/5*	\$15,753	159	\$149	60	\$308
K	\$15,865	147	\$158	60	\$311
1 st	\$15,976	135	\$168	60	\$313
2 nd	\$16,088	123	\$180	60	\$315
3 rd	\$16,200	111	\$195	60	\$317
4 th	\$16,317	99	\$214	60	\$319
5 th	\$16,434	87	\$238	60	\$322
6 th	\$16,555	75	\$270	60	\$324
7 th	\$16,680	63	\$313	60	\$326
8 th	\$16,814	51	\$378	n/a	n/a
9 th	\$16,952	39	\$483	n/a	n/a

**Plan E: Two Year Community College
60 Community College Level Credit Hours**

	Lump Sum Payment	Extended Monthly Payment Plan		Five Year Payment Plan	
Age/Grade	1 Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
Newborn	\$4,318	207	\$36	60	\$86
Age 1	\$4,351	195	\$38	60	\$86
Age 2	\$4,383	183	\$39	60	\$87
Age 3	\$4,414	171	\$41	60	\$87
Age 4/5*	\$4,445	159	\$43	60	\$88
K	\$4,476	147	\$46	60	\$89
1 st	\$4,507	135	\$48	60	\$89
2 nd	\$4,538	123	\$52	60	\$90
3 rd	\$4,570	111	\$56	60	\$91
4 th	\$4,605	99	\$61	60	\$91
5 th	\$4,640	87	\$68	60	\$92
6 th	\$4,675	75	\$77	60	\$93
7 th	\$4,709	63	\$90	60	\$93
8 th	\$4,752	51	\$108	n/a	n/a
9 th	\$4,800	39	\$138	n/a	n/a

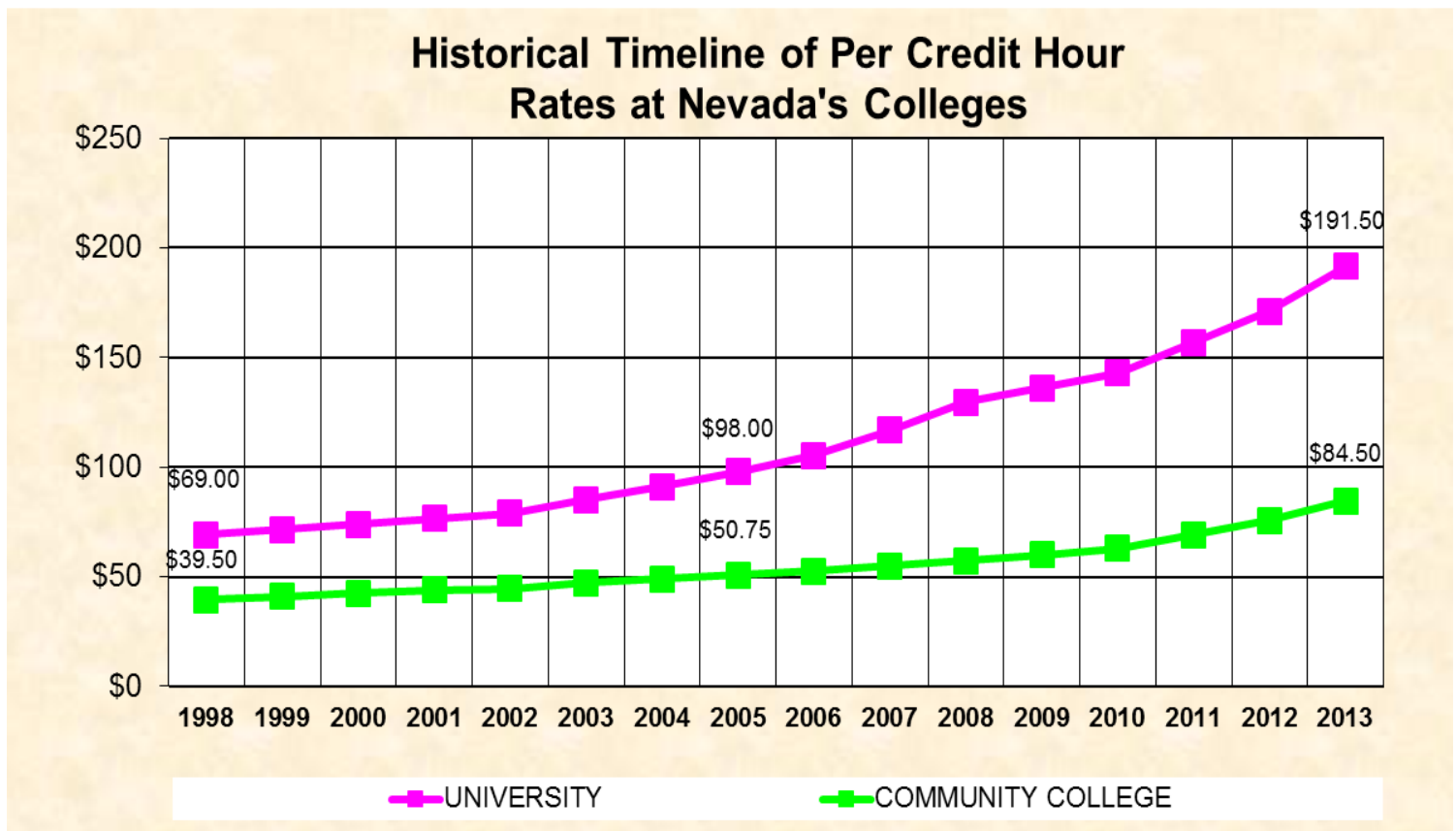
*Five year olds not yet in Kindergarten as of September 30, 2013, will follow the Age 4/5 pricing.

How Pricing is Determined

For each enrollment period, the College Savings Board of Nevada uses actuarial methods to help determine Contract prices. These Contract prices may include a premium over the current cost of Credit Hours at representative Nevada colleges and universities. Once a Contract is established, the price of the Contract will not change regardless of future tuition increases. As illustrated below, tuition at Nevada colleges and universities continues to increase each year. The Nevada Prepaid Tuition Program pays the higher price regardless of what a contract holder paid into the Program.

Plan pricing is based in part on an actuarial formula, which incorporates several factors, including the current cost of Credit Hours, the estimated future costs of Credit Hours, a general inflation adjustment, anticipated investment returns, administrative costs, and the need for a reserve to assist in periods of fluctuating returns or higher than average costs for Credit Hours at Nevada colleges and universities. (See actuarial report which can be found at www.NVPrepaid.gov for more information.)

The total Contract payments for the monthly payment options equal more than the lump sum payment option. Both the five-year and the extended monthly payment options include a 6.75% interest component. This is because the Program does not have the full contract amount available to invest immediately, so it cannot generate the same amount of income as it would with a lump sum payment. As a result, you will pay a greater amount over time for Contract benefits than if you made a lump sum payment. In addition, with any tuition prepayment plan, your payments may total more than the Credit Hour rate paid when the Beneficiary uses the benefits. However, if the Program pays out less than the amount paid, you are entitled to a refund less any Program fees.



Chapter I: Program Information

The Nevada Prepaid Tuition Program ("Program") agrees to pay for the fixed number of undergraduate Credit Hours bought by a Purchaser. The Program pays the in-state rate of Credit Hours at two and four year public colleges and universities located in Nevada. In the event the Nevada System of Higher Education Board of Regents adopts varying tuition rates at Nevada Colleges, a Weighted Average Tuition Model may be used for Credit Hour payments. The Program was created by the Nevada State Legislature and is administered by the State Treasurer's Office under the oversight of the Board of Trustees of the College Savings Plans of Nevada ("Board").

Legislative History

The Nevada State Legislature established the Nevada Prepaid Tuition Program (the "Program") in 1997. The Program is governed through the Nevada Revised Statutes (NRS) 353B and the Nevada Administrative Code (NAC) 353B. The Program is administered by the Board of Trustees of the College Savings Plans of Nevada through the State of Nevada Treasurer's Office. With legislative approval, the NRS and NAC's that govern the Program may be amended from time to time.

Board

As required by the Nevada Revised Statutes (NRS) 353B, the Nevada Prepaid Tuition Program is directed and administered by the Board of Trustees of the College Savings Plans of Nevada (the "Board"). The Board consists of five members, including the State Treasurer, the Director of Administration, and the Chancellor of the Nevada System of Higher Education or their appointees, all of whom serve ex officio. The other two Board members are appointed by the Governor and must possess knowledge, skill and experience in the field of accounting, finance, investment management, or marketing. Board members serve without compensation, however they are entitled to reimbursement for actual and reasonable expenses incurred while performing his or her duties. The Board has general and fiduciary responsibility for the Program as a whole.

Trust Fund

The Nevada Higher Education Prepaid Tuition Trust Fund (the "Trust Fund") was created pursuant to NRS 353B.140. The Trust Fund consists of monies received for payment of Prepaid Tuition Contracts, a bequest, endowment or grant from the Federal Government, or any other public or private source. Monies held by the Trust Fund are not considered monies of the State and may not be commingled with other General Fund monies of the State. Monies in the Trust Fund not expended during any biennium do not revert to the State General Fund at any time, for any reason.

Annual Audit

In accordance with NRS 353B.180, the Board is required to contract with a certified public accounting firm to perform an annual audit of accounts and records of the Program, including receipts and disbursements from the Trust Fund. Kafoury, Armstrong and Company, has been retained by the Board to conduct the annual audit. The completed audit report is included in the Annual Report, which can be found online at www.NVPrepaid.gov.

Annual Actuarial Study

In accordance with NRS 353B.190, the Board is required to contract with a certified actuary to perform an annual actuarial study to determine the financial soundness of the Program. Gabriel Roeder Smith & Company has been retained by the Board to conduct the annual actuarial study. The completed annual actuarial study is included in the Annual Report, which can be found online at www.NVPrepaid.gov.

Annual Report

In accordance with NRS 353B.170, the Board shall prepare an Annual Report each year. The Report includes a detailed accounting of the Trust Fund and a description of the financial soundness of the Trust Fund at the close of each fiscal year. Both the Actuarial Report and Annual Audit are included as part of the Annual Report. The Board is required to submit the Annual Report to the Governor each year in addition to various Legislative Committees based on odd- or even- numbered years. The Annual Report can be viewed at www.NVPrepaid.gov.

Investment Policy and Investment Management

The Board has adopted an Investment Policy in accordance with NRS 353B.160. The overall Trust Fund has been structured to provide the most appropriate asset allocation from a risk and return perspective to meet the Trust Fund objectives. The Trust Fund shall be diversified both by asset class and within asset classes. The Board has adopted an asset allocation divided between various asset types, which include 57% Equities and 43% Fixed Income, which is reviewed annually. The Board contracts separately with Investment Managers who are responsible for administering equities and fixed income assets. The Board also contracts with an Investment Consultant to provide information, analysis, oversight and recommendations. The full investment policy is posted on the Program website at www.NVPrepaid.gov.

General Risks

The Program must operate and finance its activities only through its own assets. It is not guaranteed by the State of Nevada, is not an obligation of the General Funds of the State of Nevada, and is not commingled with the investment funds of any other Nevada 529 Plan. Payment of Program obligations will be made only from the assets in the Trust Fund.

Contracts are with the Board of Trustees of the College Savings Plans of Nevada. To protect its assets from other uses by the State, only the Board—not the State—controls the assets in the Trust Fund. Pursuant to NRS 353B.130, Contracts are not an obligation of the State of Nevada and neither the full faith and credit nor taxing power of the State is pledged directly, indirectly, or contingently to payment of the Contracts. Contract owners (Purchasers) in the Program assume all investment risk, including the potential loss of contributions and liability for additional income taxes or penalties for Non-qualified Distributions.

Please read this Nevada Prepaid Tuition Program Description and Master Agreement prior to purchasing a contract.

Investment May Not Meet Objectives; Accounts Are Not Insured.

As with any investments, the rates of return and the amount of appreciation and depreciation of the Trust Fund investments are unpredictable. Therefore, we cannot provide any assurance that the investments selected by the Board for the Trust Fund will meet their objectives. The Board's investments are not deposits or obligations of, or guaranteed by any depository institution and are not insured by the Federal Deposit Insurance Corporation (FDIC), Federal Reserve, the State of Nevada or any other government agency.

As noted above, in accordance with NRS 353B.130, a Contract is not an obligation of the state of Nevada and neither the full faith and credit nor taxing power of the State is pledged directly or indirectly or contingently, morally or otherwise, to the payment of the Contract. The Board cannot directly or indirectly or contingently obligate morally or otherwise, the State to levy or pledge any form of taxation whatsoever or to make any appropriation for the payment of the Contract.

Market Uncertainties

Due to market uncertainties, the overall market value of the Trust Fund is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as regulatory or legislative changes, worldwide political uncertainties, and general economic conditions. All of these factors are beyond the Board's control and may cause the value of the Trust Fund to decrease regardless of the investment performance.

Using Your Contract

A Nevada Prepaid Tuition Contract can be used at any "Eligible" Educational Institution, which includes any accredited public or private university, college, or vocational school in the United States, as well as at selected colleges in other countries. An institution is "Eligible" if it is qualified to participate in federal financial aid programs through the U.S. Department of Education. For a complete list of Eligible Educational Institutions in the United States and other countries, please visit the U.S. Department of Education's Free Application for Federal Student Aid (FAFSA) website at www.fafsa.ed.gov. If the Institution is listed, the Credit Hour benefits of the Nevada Prepaid Tuition Program Contract may be used at that school.

During the spring before the Beneficiary is to attend college, the Program Administrator will send him or her a Nevada Prepaid Tuition Student Handbook, which includes the Intent to Enroll form and explains enrollment and disbursement procedures at Eligible Institutions.

Requesting a Refund

All cancellations and refunds are made according to Code Section 529, Nevada State Law, and the Nevada Prepaid Tuition Master Agreement. In general, the Purchaser can receive a refund with some exceptions specifically noted in the Master Agreement. A refund request must be submitted on the form provided by the Program, along with any required documentation. The Refund form must be mailed or faxed to:

Nevada Prepaid Tuition Program
Office of the State Treasurer
555 E Washington Avenue, Suite 4600
Las Vegas, NV 89101
Fax: 702-486-3246

Once a refund has been approved, the Purchaser will receive a refund within six weeks. Penalties and fees may be assessed on certain refunds and, until further notice, interest will not be paid on refunds. Please review the Master Agreement for full details.

Privacy Policy

The Board considers the privacy and security of personal information a top priority. The Board adheres to policies for the benefit of current and past Purchasers and Beneficiaries. In administering the Program, the Board may collect the following types of personal information:

- Required information received from enrollment forms, communication, and other forms, such as name, address, and Social Security Number.
- Information the Board may require as a result of administering contracts, such as transaction information and account balances

The Board restricts access to this personal information to its employees and agents who need to know the information to provide the purchaser with the products and services required by statutes governing the Program. The Board may make disclosure of such information, as permitted or required by law, and may ask the Purchaser for verification, or additional information. The Board maintains appropriate physical, electronic, and procedural safeguards to protect the privacy of personal information. None of the information provided is supplied to third parties for solicitation purposes.

Online Contract Service

Individuals may access their Nevada Prepaid Tuition Contract information and access account statements and records securely online at www.NVPrepaid.gov. Contact the Nevada Prepaid Tuition Office for assistance.

Changing Tax Laws and Regulations

This summary is based on the relevant provisions of the Code Section 529, relevant legislative history, and official interpretations of applicable federal laws as of the date of this document. Changes to federal or state tax laws may occur in the future which could have a significant impact on the Program and your Contract, including termination of the Program.

Federal Income Tax Treatment of Contributions, Distributions and Refunds

The Program is designed to constitute a "qualified tuition program" under Section 529. Under current federal tax law, if the Contract is used for qualified higher education expenses, any increase in the value of the Program Contract is not subject to federal income tax. If a Non-qualified Refund is requested, the Purchaser may owe federal tax on the interest received in the year such Refund is processed. If a Program Contract is terminated and the interest portion is not used to pay qualified higher education expenses, contract "earnings" (the value of the interest-currently 0%) are subject to federal income taxes and additionally a 10% federal penalty tax. The Purchaser or person receiving the Non-qualified Refund would be responsible for those taxes.

Special Termination of Contract

In the event of the Beneficiary's death, disability, or receipt of a full scholarship (including attendance at a U.S. service academy) that renders the Program educational benefits unusable, the Purchaser may receive a Qualified Refund of the plan contributions.

Federal Gift and Estate Taxes

The purchase of a Nevada Prepaid Tuition Contract may constitute a gift from the Purchaser to the Beneficiary. Contributions to a 529 plan, excluding those from a Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minor Act (UTMA) account, are generally considered to be completed gifts to the designated Beneficiary and may qualify for the \$14,000/\$28,000 (single taxpayer/taxpayers filing jointly) annual gift and generation skipping transfer tax exclusions, in 2013. In cases where contributions to a 529 Plan such as the Nevada Prepaid Tuition Program exceed the then current annual gift limits, a Purchaser may elect to treat the contributions as if they were made ratably over a five-year period. This election, which is made on Form 709, the taxpayer's gift tax return, is applicable only for contributions up to five times the available annual exclusion in the calendar year of the contribution. Thus, the maximum contribution pursuant to this rule would be \$70,000 (or \$140,000 for a married couple). Estate, gift, and generation-skipping tax issues arising in conjunction with 529 plans are complex. Potential Purchasers and Beneficiaries should consult a tax advisor for advice on their individual tax situation and to identify Annual Gift Limit increases.

State Income Tax

Nevada does not have a state income tax. Potential Purchasers who are not residents of the State of Nevada, but are qualified Purchasers may want to first consult a tax advisor.

Hope Scholarship and Lifetime Learning Tax Credits

The use of Education Tax Credits will not affect participation in the Program. However, a Purchaser cannot claim Hope Scholarship (the American Opportunity Tax Credit through December 31, 2012) or Lifetime Learning Tax Credits for amounts withdrawn tax free under a Program Contract. Please be aware that the coordination of the various federal higher education tax incentives can be complex. A Purchaser or potential Purchaser should contact a tax professional or the Internal Revenue Service for assistance in determining eligibility for the various tax incentives and in allocating higher education expenses.

Tax Deduction for Education Expenses

The 2001 Tax Act provided for a deduction for the payment of tuition and related expenses by taxpayers who fall within certain income limits. However, the deduction may not be claimed for expenses paid from the earnings portion of a tax-free withdrawal from any tax-favored facility. For more information, refer to IRS Publication 970, "Tax Benefits for Education," which is available at www.irs.gov.

Impact on Medicaid Eligibility

Purchasing a Nevada Prepaid Tuition Contract could impact eligibility for federal and state health care assistance programs. A Purchaser or potential Purchaser should contact his/her state's Medicaid authorities regarding their individual situation.

Impact on Financial Aid Eligibility

Purchase of a Nevada Prepaid Tuition Contract may or may not have an adverse impact on the Beneficiary's eligibility to participate in need-based financial aid programs. Assets in the Program or another 529 Plan would typically be included on the Free Application for Federal Student Aid (FAFSA) form as a parental asset, which is assessed at a lower rate than a student's asset would be when determining a family's expected contribution. Since the treatment of assets under any such qualified tuition program may have a material effect on your Beneficiary's eligibility to receive valuable benefits under financial aid programs, you or your Beneficiary will need to check the applicable laws or regulations or check with the financial aid office of an Eligible Educational Institution and/or your tax advisor regarding the impact of purchasing a Contract on need-based financial aid programs.

Federal and State Bankruptcy Laws

Federal bankruptcy legislation excludes from property of the debtor's bankruptcy estate certain assets that have been contributed to a 529 Plan account. However, bankruptcy protection in this respect is limited and has certain conditions. For the 529 Plan account to be excluded from the debtor's estate, the account beneficiary must be a child, stepchild, grandchild, or step grandchild (including a legally adopted child or a foster child) of the individual who files for bankruptcy protection. In addition, contributions made to all 529 Plan accounts for the same beneficiary are protected from becoming property of the debtor's estate as follows: (1) There is no exclusion for assets up to \$5,000 if they have been contributed less than 365 days before the bankruptcy filing, (2) 529 Plan account assets are excluded in an amount up to \$5,000 if they have been contributed between 365 and 720 days before the bankruptcy filing, and (3) 529 Plan accounts are fully excluded if they have been contributed more than 720 days before the bankruptcy filing. Federal bankruptcy law permits a debtor to exempt certain specified assets from liability notwithstanding the assets being property of the debtor's estate. If the debtor is domiciled in Nevada (as defined under bankruptcy law), Nevada law provides that up to \$500,000 of assets held in a 529 Plan account may be protected from creditors, depending upon when such assets were contributed to the account and whether they are eventually used to pay qualifying higher-education expenses of the account Beneficiary. However, under federal bankruptcy law, assets held in a 529 Plan account that are property of the debtor's estate are not exempt from debt for domestic support obligations. This information is not meant to constitute individual tax or bankruptcy advice, and you should consult with your own advisors concerning your individual circumstances.

Chapter II: Frequently Asked Questions

What is Nevada Prepaid Tuition?

Nevada Prepaid Tuition is Nevada's 529 prepaid tuition program, which allows Purchasers to select and purchase a Contract for a specific number of either college or university level higher education undergraduate Credit Hours at a locked-in Contract price and to pay for that Contract over an extended period of time.

How do I purchase a Contract?

You can enroll online at www.NVPrepaid.gov or an enrollment form can be mailed directly to you by contacting the Nevada Prepaid Tuition Office.

When can I purchase a Contract?

Open Enrollment dates are set annually. For the fall of 2013 and winter of 2014, Contracts may be purchased between December 1, 2013, and February 28, 2014. Contracts for newborn children will be accepted until June 30, 2014.

May two people jointly purchase a Contract?

No. Only one Purchaser is allowed to own a Contract. However, other individuals may make gifts and payments toward the Contract. The Purchaser or Trust may also appoint a legal successor for the contract..

What will a Contract pay for?

Your Contract will pay the undergraduate registration fees which equate to the basic per Credit Hour cost for course work as established by the Nevada Board of Regents, (or as otherwise commonly referred to as "basic in-state tuition"), at the level you select on the Contract (university or community college). In the event the Nevada System of Higher Education Board of Regents adopts varying tuition rates at Nevada Colleges, a Weighted Average Tuition Model may be used for Credit Hour payments.

Does the purchase of a Contract ensure that my child will be admitted to a college or university?

No. A Beneficiary must meet the admissions requirements of the college of his/her choice and maintain the required academic status. The Program does not guarantee acceptance to any college or university.

What if I move out-of-state after I purchase a Contract?

Your Contract is still valid. As long as you continue to make payments, your Beneficiary will be able to use all Contract benefits.

What if I suddenly can't make the monthly payment on my Contract?

You may be able to convert the Contract to a lower cost Contract, increase the years you pay on the Contract to lower the monthly payment, or close the Contract and request a refund.

How does the Program pay for the future costs of Credit Hours?

Assets in the Prepaid Tuition Trust Fund are used to pay for the future costs of Credit Hours purchased under each Contract. The Board, through the State Treasurer, is responsible for investing the money paid on Contracts in the Trust Fund. The Board does this with the assistance of a professional Investment Manager(s)/Consultant(s). For more information on the Trust Fund, please see the most recent Annual Report, which includes the Actuarial Report and the Annual Audit for the fiscal year ended June 30, 2013. The Report can be viewed at www.NVPrepaid.gov.

Can this Program be used at an out-of-state school?

Yes. Contract benefits may be used at any Eligible Educational Institution nationwide. See www.fafsa.edu.gov to verify if a school is eligible. However, the cost of Credit Hours the Program will pay to any private or out-of-state college or university will not be more than the Program would have paid to a Nevada school under the Contract purchased. The cost of Credit Hours paid may be less than the actual cost of Credit Hours at an out-of-state or private college or university. The Purchaser or Beneficiary will be responsible for payment of any difference between the actual cost of their tuition and the benefits paid under the Nevada Prepaid Tuition Program Contract.

What happens if my child decides not to go to college?

You may transfer the Contract to another qualified Beneficiary who is a Family Member, keep the Contract in effect, as the Beneficiary has 6 years after the projected college entrance date to use their benefits, or you may cancel your Contract and request a refund.

Can this Program be used together with scholarships?

Yes. The Program may be used in conjunction with a partial scholarship, including the Governor Guinn Millennium Scholarship. If the scholarship equals or exceeds the Contract benefits, the Purchaser may transfer the contract to another qualified Beneficiary who is a Family Member or cancel the Contract and request a refund.

Chapter III:

2014 Master Agreement

Before you purchase a Nevada Prepaid Tuition Contract, please carefully read the Master Agreement, which explains the rules of the Program. When you sign an Enrollment form, you are agreeing to the terms of the Master Agreement

1. DEFINITIONS

Definitions. Terms used in this Master Agreement and the forms for purchase of a Contract have the following meaning:

A. "529 Plan" A qualified prepaid tuition program or college savings program within the definition of IRS Section 529 of the Code.

B. "Academic Year" Undergraduate school year beginning the first Semester, term, or quarter after July 15th of any year.

C. "Basic Registration Fee" The charge for the basic per Credit Hour of course work as established by the Nevada Board of Regents excluding all other fees or surcharges.

D. "Beneficiary" or "Qualified Beneficiary" The child designated in the Program Contract Enrollment form to receive the Educational Benefits of the Program.

E. "Benefit Use Year" The year of Matriculation to college, which the Beneficiary may begin drawing on Educational Benefits in the form of Credit Hours from the Contract.

F. "Board" The Board of Trustees of the College Savings Plans of Nevada.

G. "Cancellation of Contract" A voluntary request from the Purchaser to terminate the Contract and request a refund.

H. "Clock Hours" College level credit course benefit requested to be converted to Credit Hours for payment to an Eligible Educational Institution that charges tuition based on hours spent in class time rather than Semester Credit Hours. Clock Hours are converted based on the Free Application for Federal Student Aid (FASFA) guidelines for the current academic year.

I. "Code" Internal Revenue Code of 1986, as amended.

J. "Community College" An Eligible Educational Institution which grants a two-year associate degree.

K. "Contract" A Program Contract accepted by the Program Office, including the Master Agreement, the Plan and payment option selected by the Purchaser.

L. "Credit Hours" Semester Credit Hours established by the Nevada Board of Regents. Credit Hours paid for by the Program will be applicable toward undergraduate studies only.

M. "Custodian" Person who is designated with the rights of the Purchaser on a Contract where the Purchaser is a minor or the Contract was acquired by way of UGMA or UTMA and the Custodian is required to act under the terms of the UGMA or UTMA. The Custodian is responsible for performing all duties of the Purchaser.

N. "Disabled" or "Disability" Limitation of individual's physical or mental abilities resulting from an injury or disease which renders the individual incapable of participating in the Program as either a Purchaser or Beneficiary.

O. "Distribution" Payment by the Program to the Beneficiary's Eligible Educational Institution toward Credit Hours, as authorized by the Contract Purchaser.

P. "Down-payment" Payment of a minimum of \$1,000.00 toward the total purchase price of a Contract at the time of enrollment.

Q. "Educational Benefits" Credit Hours purchased for use by the Beneficiary.

R. "Eligible Educational Institution" Includes accredited postsecondary educational institutions offering credit towards an associate's degree, a bachelor's degree, professional degree, or another recognized postsecondary credential, and certain postsecondary vocational and proprietary institutions. The institution must be recognized by the U.S. Department of Education as eligible to participate in student financial aid programs. See www.fafsa.ed.gov for additional information.

S. "Family Member" Member of the family as set forth in IRS Code Section 529(e)(2) which includes a son or daughter, or a descendant of either; a stepson or stepdaughter or a descendant of either; a brother, sister, stepbrother, or stepsister; the father or mother, or an ancestor of either; a stepfather or stepmother; a son or

daughter of a brother or sister; a brother or sister of the father or mother; a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; the spouse of the Beneficiary or the spouse of any individual listed above; and a first cousin. A legally adopted child or foster child is also treated as a Family Member, as is a brother or sister by half-blood.

T. "Fiscal Year" Time period from July 1st to June 30th (inclusive) of the next calendar year.

U. "Gift Contribution" Contribution or payment by a Person who is not the original Contract Purchaser in connection with an established Contract.

V. "Gifter" An individual authorized by the Purchaser to make a Gift Contribution(s) to the Contract.

W. "Guardian" An adult authorized to make decisions on a Contract owned by a minor who becomes the Purchaser due to death of the original Purchaser without a designated Purchaser Legal Successor.

X. "Investment Manager(s)" The Investment Manager(s) is/are selected by the Board and administers Program assets in accordance with the guidelines and objectives contained in the Program's Investment Policy. The detailed investment policy is located at www.NVPrepaid.gov.

Y. "Lump Sum Payment" Payment in full for the Plan at the time of enrollment in the Program with the Contract accepted by the Program administrator.

Z. "Mandatory Fee" Any fee, other than charges for Credit Hours, which a public educational institution requires all students to pay as a condition of enrollment in such institution, including but not limited to class specific fees, health fees, or technology fees. These examples are not all inclusive. Mandatory Fees are not covered by the Program as Educational Benefits. Credit Hours are the only payments made on behalf of Beneficiaries in the Program.

AA. "Matriculation" The year that a Beneficiary plans to commence attendance at a postsecondary educational institution.

BB. "Monthly Purchase" Monthly installment payment option chosen by the Purchaser, with the Monthly Purchase Amount to be remitted on or before the 15th day of each month.

CC. "Monthly Purchase Amount" Monthly dollar amount specified by the Program for payment by

the Purchaser on a Monthly Purchase Contract by the 15th day of each month.

DD. "Newborn" A child under one year old born prior to June 30th of the calendar year in which an Open Enrollment closes.

EE. "Non-qualified Refund" All voluntary refunds (that are not Qualified Refunds), caused by Terminations and cancellations are subject to Termination Fee and penalties payable by the Purchaser, and shall also include refunds due to the actuarial unsoundness of the Program as described in Section 10.B, for which Termination Fee will not be applicable. A Non-qualified Refund may also have adverse tax consequences.

FF. "Open Enrollment" Period of time designated by the Board annually to accept new Contracts.

GG. "Person" An individual who is a citizen of or legal alien resident of the United States, or a partnership, trust, association, corporation, or governmental subdivision existing under the laws of the United States or any state of the United States.

HH. "Plan" Type of Program Contract purchased under Section 2 of the Contract.

II. "Program" The Nevada Prepaid Tuition Program.

JJ. "Program Administrator" The State Treasurer of the State of Nevada, or designee.

KK. "Program Fees" The Fees as noted in the Program Fee Chart as well as the Master Agreement Section 8.O.

LL. "Purchaser" Person specified in the Contract who is responsible for payments under the Contract. If the Purchaser is a natural Person, he or she must be 18 years of age or older, or have a trustee, or a designated Custodian of a minor under the UTMA, or be represented by a court appointed or approved conservator or Guardian. The Purchaser also must satisfy applicable residency requirements.

MM. "Purchaser Legal Successor" Person designated by the Purchaser on the Contract to receive correspondence and have full ownership rights for the Contract in case of the death or Disability of the Purchaser.

NN. "Quarterly Payments" Payments requested to be converted to Semester Credit Hours from an

Eligible Educational Institution that charges based on a quarter year system.

OO. "Qualified Refund" A refund made (1) because the beneficiary received a full scholarship, (2) attendance at a service academy, or (3) as a result of the Beneficiary's death or Disability.

PP. "Resident" Individual who is domiciled in the State of Nevada and meets the definition of US Citizen as defined in the Nevada Revised Statute (NRS) 10.155. Includes military personnel who reside out-of-state, but list Nevada as their home of record in their military files.

QQ. "Rollover" Contribution from, or Qualified/Non-qualified Refund, transferred to a qualified 529 Plan which shall include a contribution from a Coverdell Education Savings Account, and or Savings Bonds, for the same Beneficiary or a new Beneficiary.

RR. "UGMA/UTMA" Uniform Gifts to Minors Act/Uniform Transfers to Minor Act.

SS. "Semester" The fall or spring term of the Academic Year of 15 to 18 weeks, or the summer Semester equivalent, as defined by the Nevada Board of Regents.

TT. "State" State of Nevada.

UU. "Standard Bachelor Degree" Consists of 120 Semester Credit Hours achieving a defined course of study at an accredited Eligible Education Institution granting undergraduate degrees.

VV. "Termination" Discontinuation of the Beneficiaries right to receive Educational Benefits at an Eligible Educational Institution under the Contract.

WW. "Termination Fee" Fee charged for a Non-Qualified cancellation refund of Contract.

XX. "Total Contract Price" means the cumulative amount of all Monthly Purchase Amounts owed under a Monthly Purchase Plan, or the Total Contract Price set forth in a Lump Sum Contract.

YY. "Trust Fund" Nevada Higher Education Prepaid Tuition Trust Fund, which contains Program assets and from which all Program Educational Benefits are paid.

ZZ. "Tuition Charge" The charge assessed against students who are not residents of Nevada and which is in addition to the Basic Registration Fees or

other fees assessed against students who are residents of the State of Nevada. (See, NRS 396.540 (1)(c)).

AAA. "University" An Eligible Educational Institution which grants a four year standard bachelor's degree. In the context of this document, any institution which includes "college" in its name and is otherwise eligible for this Program will be described as a "University," as long as it also grants a standard bachelor's degree.

BBB. "Weighted Average Tuition (WAT)" The average tuition rate calculated based on the cost per credit hour and the number of attendees at each of Nevada's public colleges and universities. The rates for the public community colleges and public universities will be calculated separately.

2. PROGRAM OBLIGATIONS

A. General Provisions: The Program agrees to pay the Basic Registration Fee of Credit Hours from the assets in the Trust Fund for the level of Credit Hours purchased in a Contract. University Credit Hours and Community College Credit Hours are priced and disbursed at different amounts and will determine the Total Contract Price and Educational Benefit disbursed under a Contract. Educational Benefits may be used at any Eligible Educational Institution, but only at the level purchased and up to the maximum number of Credit Hours purchased.

B. Standard Bachelor's Degree: A Standard Bachelor's Degree usually consists of 120 Semester Credit Hours (or, on average, 30 credit hours each year). The student Beneficiary may require more credit hours than purchased in order to graduate for various reasons such as dropping, failing, or repeating classes; taking non-transferable classes at another eligible educational institution; or changing majors. The Program will not pay for any additional Credit Hours.

C. Limit of Benefits: The Program will stop providing Educational Benefits under this Contract when the Program has paid the total Credit Hours purchased, regardless of the number of Credit Hours the Beneficiary has accumulated toward graduation.

D. Basic Registration Fee-Credit Hour Payments Only: The Program will only pay Educational Benefits, as defined by the Contract and provide Qualified and Non-qualified Refunds under the Contract from the assets of the Trust Fund. The ability of the Program to pay Educational Benefits and provide Qualified and Non-qualified Refunds under the contract is not guaranteed by the State of Nevada.

E. Educational Benefits Disbursed at Community College and University Level: The Educational Benefits disbursed at both the Community College and University level will be established by the Board and based on the cost or Weighted Average Tuition Cost of Credit Hours established for Nevada Universities and Community Colleges set by the Nevada Board of Regents. The rate will be the rate paid to both in-state and out-of-state Eligible Educational Institutions. The Program agrees to pay the cost of Credit Hours from the assets of the Trust Fund. Out-of-state and private or independent Eligible Educational Institutions may charge tuition fees in excess of the Contract Educational Benefits. If the Beneficiary chooses to attend one of these institutions, Colleges, or Universities, the Beneficiary is required to pay the difference between the Program Educational Benefits disbursement amount and the actual costs. If the Basic Registration Fee is less than the rate of Educational Benefits paid under the Contract during that year, the Purchaser may have an overpayment at the termination of the Contract and an overpayment reimbursement may be made by the Program.

F. Contract Requirements: Before the Contract Educational Benefits can be utilized, all outstanding balances and Program Fees must be paid in full. A Contract is considered paid in full when the Total Contract Price owed and all outstanding fees are paid to the Program. The Contract must have been purchased at least three years prior to the Benefit Use Year and a valid Social Security number must be on file for the Beneficiary.

3. PLAN OPTIONS

A. Four Year University Contract, 120 University Level Credit Hours: The Program will pay for 120 Credit Hours at the Beneficiary's Eligible Educational Institution.

B. Two Year University Contract, 60 University Level Credit Hours: The Program will pay for 60 Credit Hours at the Beneficiary's Eligible Educational Institution.

C. One Year University Contract, 30 University Level Credit Hours: The Program will pay for 30 Credit Hours at the Beneficiary's Eligible Educational Institution.

D. Two Year Community College Contract, 60 Community College Level Credit Hours: The Program will pay for 60 Credit Hours at the Beneficiary's Eligible Educational Institution.

E. Combination, Two Years of Community College Level (60) Credit Hours and Two Years of University Level (60) Credit Hours: The Program will pay for 60 Credit Hours at the Beneficiary's

Eligible Educational Institution at the Community College level. The Program will then pay for 60 Credit Hours at the University level. The Basic Registration Fee for Credit Hours at both the Community College and the University levels will be established by the Nevada Board of Regents for Nevada domiciled Community College and four-year Universities and will be paid to the Beneficiary's Eligible Educational Institution. All remaining provisions of the University and Community College Contracts will apply to the combination two-year Community College Contract and two-year University Contract.

Note: The Basic Registration Fees for Credit Hours established by the Nevada Board of Regents for Nevada-domiciled four-year Universities and two-year Community Colleges will be paid to both in-state and out-of-state Eligible Educational Institutions. In the event that the Nevada System of Higher Education Board of Regents adopts varying tuition rates at Nevada colleges and universities, a Weighted Average Tuition Model may be used for Credit Hour payments.

4. ENROLLMENT

A. Submitting an Open Enrollment Form: The Open Enrollment Form and Enrollment Fee must be submitted to the Program between December 1 and February 28 and must be completed according to the Open Enrollment form instructions and may be accepted only during Open Enrollment periods designated by the Board. A separate Open Enrollment form is required for each Beneficiary. The Open Enrollment form must be completed online by midnight on the last day of Open Enrollment or postmarked by the last day of the Open Enrollment period in order to be processed. The Board may extend the Open Enrollment period for Newborn children. Either the Purchaser or the Beneficiary must be a Nevada resident or hold a degree or certificate from a Nevada University or Community College.

B. Contract Acceptance: The Program has no obligation to the Beneficiary unless and until it accepts the Contract. The Program will accept the Contract only after it receives a fully completed Open Enrollment form from a qualified Purchaser and payment of the Enrollment Fee is received in the form of a personal check, credit card, electronic withdrawal, cash, cashier's check, certified check, or money order payable to the Program.

C. Purchaser Qualifications: A qualified purchaser must (1) satisfy the Nevada residency requirement: either be a resident of the State of Nevada, hold a degree or certificate from a Nevada-domiciled

University or Community College or designate a Beneficiary who is a resident of the State of Nevada, (2) provide a valid Social Security number or Taxpayer Identification Number, and (3) be 18 years of age or older or have a designated Custodian under UTMA who may name a minor as the Purchaser; or be a trust with the authority to enter into the Contract on behalf of the Beneficiary, or be a court-appointed conservator or Guardian.

D. Beneficiary Qualifications: The Beneficiary must have a valid Social Security or Taxpayer Identification Number and must not have completed the ninth grade of school and not reached the age of 18 at the time of Contract acceptance. The Beneficiary must be a resident of the State of Nevada at the time of enrollment in the Program, and/or the Purchaser must be a resident of the State of Nevada and/or hold a degree or certificate from a Nevada-domiciled University or Community College.

E. Enrollment Form Acceptance or Rejection: A Contract is not established until the Program sends a written or electronic confirmation of acceptance of the Open Enrollment form and initial payment (either Lump Sum or the initial Monthly Payment) is processed. If an Open Enrollment form is not accepted based on criteria established by the Program Administrator, the Enrollment Fee will be forfeited by the potential enrollee, but an amount equal to any lump sum or down-payment made will be returned to the Purchaser. The Purchaser must have a valid Social Security number (or a Taxpayer Identification Number) and provide accurate and full information on the Open Enrollment form or the enrollment will be rejected. The Program Administrator will accept more than one Open Enrollment form, up to a maximum of four Contracts for a single Beneficiary, as long as the total Credit Hours of the combined Contracts do not exceed 120 Semester Credit Hours at any level. Applications post-marked after the close of Open Enrollment may be accepted at the Program Administrator's discretion.

F. Payment and Participation Schedule: A payment and participation schedule will be forwarded in writing or electronically to the Purchaser of an accepted Contract within 60 days of the close of Open Enrollment and first payments are due by May 15 of the Open Enrollment year. If the Purchaser does not receive this schedule by that time, the Purchaser should immediately notify the Program.

G. Newborn Enrollment: A Contract for a Newborn child may be accepted by the Program until June 30th of the calendar year of the close of an Open Enrollment period. First payments are due within 60 days of acceptance of the Contract by the Program on a date

determined by the Program and as indicated on the payment and participation schedule.

H. Ownership: The Purchaser will hold ownership rights to the Contract, and only the Purchaser may exercise rights under the Contract, unless the Purchaser's rights are transferred to the Purchaser's Legal Successor, or to the Beneficiary. Any person making a Gift contribution will not have any title to or rights under the Contract. If the Program is unable to locate either the Purchaser or the Beneficiary within the term of the Contract, the Program will treat the Contract payments received as unclaimed property and they shall be transferred to the State Treasurer in accordance with NRS 120A.

I. Automatic Transfer of Ownership: The Beneficiary designated in the Contract will automatically assume the Purchaser's rights and responsibilities under the title to the Contract in the event that the Purchaser dies, becomes legally incompetent, or cannot be located by the Program and the Purchaser has not designated a living Purchaser's Legal Successor to assume control of the Contract. In such event, the Program, without further notice, consent, authorization or otherwise, shall act at the specific direction of the Beneficiary, if not a minor. If the Beneficiary is a minor, the Contract shall not distribute Educational Benefits unless and until the Program in its sole judgment receives acceptable documentation that a legal Guardian may act on behalf of the Beneficiary, and the Program will adhere to the directives of such Guardian. A Change of Purchaser Form, acceptable documents and Program Fee must be submitted to the Program Office.

J. Voluntary Transfer of Ownership: The Purchaser may transfer ownership rights under the Contract to another Person to act as the Purchaser if such a transfer is not prohibited by state or federal law or regulation, and is specifically approved by the new Purchaser and completed in full on a Change of Purchaser form provided by the Program. The new Purchaser must agree to the transfer by signing the Change of Purchaser form, submitting the required fee, and shall be subject to all the terms of the Contract and any outstanding and unpaid balance and Program Fees on the Contract. The signature of the current Purchaser must be notarized.

5. CONTRACT PURCHASER

A. Only One Contract Purchaser Allowed: The Purchaser must meet the following qualifications (as applicable):

1. A Purchaser must provide a valid Social Security number and/or a Taxpayer Identification Number.

2. A Purchaser under the age of 18 must have an adult sign the Open Enrollment form and certify that this adult will serve as the Guardian or Custodian of the Contract.

3. In case of a legal entity purchasing a Contract, a legally authorized representative of the entity must sign the Open Enrollment form. This authorized representative is an individual designated by a partnership, corporation, trust, estate, association or organization to control a Contract, however the entity itself and not the representative, will be the Purchaser of the Contract. The authorized representative must sign all forms. The entity must notify the Program in a timely manner if the authorized representative changes by submitting a completed Change of Purchaser from provided by the Program.

4. The Purchaser must meet the qualifications of a Purchaser as defined In Section 4.C of this Agreement.

5. Notices - All notices from the Program will be directed only to the Contract Purchaser, unless otherwise requested in writing by the Purchaser.

6. Address Change – The Purchaser shall keep their address up to date by changing it online, or by notifying the Program in writing of any change of address of the Purchaser, Beneficiary, or the Purchaser's Legal Successor. The Program is not responsible for non-delivered mail regardless of any change of address and any/all Master Agreement updates still apply.

B. Using Funds from UGMA/UTMA Accounts: Custodians for minors under UGMA/UTMA may purchase a Contract using funds from an UGMA/UTMA account subject to all state laws and rules governing such accounts.

1. When proceeds from UGMA/UTMA accounts are used to purchase a Contract, the Beneficiary must be shown as the Purchaser and a Custodian must be designated and provide required documentation to the Program and the Custodian will be considered the Purchaser by the Program for all transactions and documentation.

2. The Beneficiary will obtain ownership control of the Contract and all rights of the Purchaser upon reaching the age of majority. No Change of Purchaser fee will be charged for transfer of the Contract at the time of majority.

3. Any and all contributions toward the purchase of the Contract will be considered to be UGMA/UTMA funds and become an asset of the Beneficiary. Custodians should consider carefully whether future contributions to a Contract initially purchased with UGMA/UTMA proceeds would be appropriate or whether non-UGMA/UTMA funds

in the future should be used to purchase a new Contract for a particular Beneficiary.

4. The Program will not be liable for any consequences related to a Custodian's improper use, transfer, or characterization of UGMA/UTMA-related activity, or other custodial funds.

C. Rollovers: The Purchaser must indicate if the purchase of a Contract is funded by a Rollover contribution from a Coverdell Education Savings Account, or another Code Section 529 plan for the same Beneficiary or for a new Beneficiary who qualified as a Family Member of the previous Beneficiary. If it is a Rollover contribution, the Purchaser must provide documentation acceptable to the Program showing the earnings portion of the contribution. To the extent such documentation is not provided, the Program will treat the entire amount of the Rollover proceeds as earnings. Acceptable documentation includes:

1. Statement issued by the 529 Plan showing the earnings, less the portion of the Purchaser's withdrawal.

2. Coverdell Education Savings Account (ESA) statement or documentation issued by the account custodian that shows the basis and earnings.

3. Such other documents determined by the Program Administrator in its sole judgment to be acceptable and in accordance with current and future guidance issued by the IRS. Rollovers will be applied to a Lump Sum payment on the Contract unless the Purchaser specifies otherwise. The distribution must be reinvested in the Contract within 60 days of the withdrawal date to avoid adverse tax consequences on the part of the Purchaser.

D. Power of Attorney: The Program will accept a notarized Power of Attorney acting on behalf of a Purchaser. It is the Purchaser's responsibility to notify the program if and when the Power of Attorney ends.

6. BENEFICIARY

A. Designation: An individual designated as a Beneficiary must meet the qualifications of a Beneficiary and have a valid Social Security or Taxpayer Identification Number. The Beneficiary need not be related to the Purchaser.

B. Change of Beneficiary: For any reason prior to the Benefit Use Year designated in the Contract and if the Contract is not in default, has not been Terminated, and no Educational Benefits have been distributed on behalf of the current Beneficiary, the Purchaser may submit a Change of Beneficiary form to designate a new Beneficiary who must qualify as a Family Member of the previously designated Beneficiary.

The Purchaser must submit the required Program Fee and a completed Change of Beneficiary form including the name, date of birth, Social Security number, and date of Benefit Use Year for the new Beneficiary before the Program may consider amending the Contract. The Contract may be amended by the Program if the age of the proposed new Beneficiary is less than the age of the existing qualified Beneficiary or no more than three years older; or the Purchaser pays any additional sum the Program determines in its sole judgment to be necessary, as a result of the change, to ensure the actuarial soundness of the Trust Fund. A Change of Beneficiary form must be notarized.

C. Transfer to a Family Member Due to Death/ Disability of the Beneficiary: If the Beneficiary dies or becomes Disabled and benefit distributions have not begun at the time of death or Disability, all Contract Educational Benefits may be transferred with the Program's written approval and in accordance with Section 529 to a Family Member of the Beneficiary. The transfer shall be subject to (1) payment of any outstanding Program fees (if any), and (2) payment to the Program of the amount necessary in its sole judgment to reimburse the Program for any additional expense or loss of funds associated with the transfer to an older Beneficiary, if applicable. If a Contract is transferred to an older Beneficiary who was ineligible for a Contract when the Contract was purchased, the transfer may not be approved by the Program. A Change of Beneficiary form must be completed and documentation acceptable to the Program of death or disability submitted. The Program Administrator may waive the Change of Beneficiary fee.

D. Total Credit Hours: A Beneficiary may not accumulate Contracts that exceed 120 Credit Hours in the Program.

E. Maximum Contribution limit – An account owner may continue to make contributions to both the Nevada Prepaid Tuition Program and other Nevada College Savings Plans for the same Beneficiary so long as the aggregate balance of all Section 529 plans sponsored by the State of Nevada does not exceed the maximum contribution limit, which is currently \$370,000. The Board is required to set the maximum allowable contribution limit for all accounts for a Beneficiary. The Board expects to evaluate the maximum allowable contribution limit annually, but reserves the right to make adjustments more or less frequently. It is possible that federal law might impose different limits on maximum allowable contributions in the future.

F. Designation of Benefit Use Year: The Purchaser must designate a Benefit Use Year for the Beneficiary of a Contract. The year must coincide with the

Beneficiary's Matriculation. The Purchaser may submit a Deferment of Benefit Request form to the Program on behalf of the Beneficiary during any year the Program would disburse Educational Benefits on the Contract, but the Program must distribute benefits within 6 years of the Benefit Use Year, except as provided by the Contract.

7. PURCHASING OPTIONS

A. Annual Enrollment Period: The Board will announce an annual Open Enrollment period for each fiscal year. Open Enrollment forms to purchase a Lump Sum, Five Year, or an extended Monthly Installment payment plan may be submitted only during the Open Enrollment period. The purchaser must indicate on the Open Enrollment form the option selected for payment.

B. Lump Sum Contracts: The Purchaser may choose to purchase a Contract in one Lump Sum payment at the time of enrollment.

1. Insufficient Payment - If the Purchaser who has chosen a Lump Sum Contract pays less than the total Program Contract amount plus the one-time Enrollment Fee, the Program will notify the Purchaser. If the Program does not receive instructions and payment (if applicable) from the Purchaser within 90 business days of the date notice is sent, the Program shall Terminate the Contract. If the Program sends a notice, the Purchaser shall advise the Program by mail that he/she will do one of the following:

- Enclose payment in full, including any specified Program Fees;
- Inform the Program to apply the amount submitted and convert the unpaid balance (if any) to a Monthly Purchase option;
- Inform the Program to convert the Contract to a different Plan Option (see Section 3) which is equal to or less than the lump sum paid; or
- Withdraw the Open Enrollment Application.

2. Lump Sum Late Fees - If the Program does not receive payment within 15 days of the due date, a Late Fee for Lump Sum Purchase will be applied (see Program Fee Chart). Forty-five days after the due date, a penalty of 1 percent of the total amount due, including the amount of all outstanding fees and penalties imposed pursuant to the Contract, will be imposed for each period of 30 days or portion thereof that passes until:

- The total amount due is paid; or

- The Contract is terminated at the discretion of the Program Administrator, whichever occurs first.

The Program will then return to the purchaser the amount paid by the purchaser (without interest), less the enrollment fee and termination fee (see Program Fee Chart).

C. Monthly Payment Purchase Options: A Purchaser may choose one of two Monthly Purchase options: make monthly payments over a 60 month time frame (five years); or make monthly payments from the time of enrollment in the Program until the Beneficiary graduates from High School.

1. Down Payment on Monthly Purchase Plans - If either Monthly Payment option is selected, the Purchaser may choose to apply an up-front Down Payment to reduce the total cost of the Contract balance subject to Monthly Payments. The minimum Down Payment is \$1,000.

2. Interest on Balance - The Purchaser must pay any outstanding balance, calculated Program Fees, and interest included in the Total Contract Price by submitting Monthly Purchase Amounts to the Program. Monthly Purchase Amounts include an interest component, which is based on the Board's annual investment assumption for money in the Trust Fund (currently 6.75% interest). The total cumulative amount paid under a Monthly Payment option over the Contract's life will be more than if paid by Lump Sum. The Purchaser may submit additional Monthly Purchase Amounts early without penalty, but will still be obligated to the Total Contract Price, unless Purchaser submits an Early Payoff Request (see Section 8.E).

8. PAYMENTS

A. Methods of Payment: Payments for Contracts, including any Program Fees must be made in United States currency, using any of the payment methods permitted by the Program, which may include the following:

1. Cashier's check or personal check.
2. Money order
3. Cash, limit not to exceed \$500
4. Automated Withdrawal authorization. Purchasers selecting this method must complete the Automated Withdrawal Authorization Form provided by the Program, along with a voided check for verification of routing and bank account numbers.
5. Payroll deduction. Purchasers selecting this method must be employed by an organization that offers payroll deduction for the Program and must

complete a Payroll Deduction Authorization Form provided by or acceptable to the Program.

6. Online automated payment option via the Program's website.

7. Credit Card accepted at the time of enrollment only for the enrollment fee, down payment and/or lump sum up to \$10,000 in accordance with NRS 353.1467.

B. Wire Transfers: The Program does not accept payments via wire transfers.

C. Fees: The Purchaser will be responsible for any fees charged by a bank or entity that may be applicable to the payment method selected, including fees assessed on returned or dishonored payments.

D. Acceptance of Payments: Upon acceptance of a Monthly Purchase Amount or Lump Sum Payment, the Program will record payment in the Purchaser's account based on policies established by the Program Administrator.

E. Early Payoff: A Purchaser under a Monthly Purchase option who makes a Lump Sum payment to complete the Total Contract Price before the final Monthly Purchase Amount is due will receive an Early Payoff Discount (currently 3.75%) on the unpaid remaining balance at the rate set annually by the Board (see Program Fee Chart). In order for the Early Payoff Discount to be applied by the Program, the Contract may not be delinquent or converted to a different Plan Option (see Section 11) to bring the Contract current on payments, and all Program Fees must be paid in full.

F. Late Payments: If a Monthly Purchase Amount is not paid by the 15th day of the month due, the Program will accept the payment only if it is accompanied by a Late Fee for Monthly Purchase (see Program Fees). Additional late fees apply for each month the payment is late (see Program Fee Chart). Any amount owing that is 90 days past due will also be subject to a Delinquency Fee (see Program Fee Chart) not to exceed 8% applied to the delinquent balance. The Delinquency Fee will be applied from 90 days past due going forward until overdue payments are received by the Program or the Contract is Terminated. When a Contract is 180 days past due the Program will inform the Purchaser of pending cancellation and will Terminate the Contract in 45 days from the date of pending cancellation notice, if no payment or appeal is received (see Section 10).

G. Overpayments: If a Contract is paid-in-full and the Program receives additional payments or Gift contributions of \$10 or more toward the Contract, the Program will notify the purchaser and return the overpayment to the Purchaser. No Program Fees will apply to overpayments.

H. Prepayments: The Purchaser may prepay or allow Gift contributions toward any amount due under the Monthly Purchase option, including the remaining balance of a Contract. The Program will automatically apply prepayments in the following order of priority: (1) to any outstanding Program Fees; (2) to future Monthly Purchase Amounts in chronological order by due date. A prepayment will not result in a reduction in the cumulative Monthly Purchase Amounts due under the Contract, including the interest component thereof. A Purchaser may prepay the remaining balance on a Contract in full as a Lump Sum payment (see Section 8.E).

I. Default: The Purchaser must remit payments pursuant to a Contract on the dates and in the amounts set forth in the schedule for payment and participation provided to the Purchaser in the Contract. If the Purchaser: (a) fails to remit a payment as required pursuant to a Contract within 30 days after the date the payment is due, the purchaser shall be deemed in Default; (b) does not make the required first payment for a new Contract within 90 days after the date the payment is due, the Program will Terminate the Contract; or (c) does not make all past due payments (including relevant Program Fees required pursuant to a Contract within 180 days after the date the Purchaser is deemed to be in Default pursuant to this section, the Program will inform the Purchaser of pending cancellation and will Terminate the Contract in 45 days from the date of pending cancellation notice, if no payment or appeal is received. The Program will provide the Purchaser, after deducting the total amount of any Program Fees and penalties imposed pursuant to the Contract, a Non-Qualified Refund of the balance of the amount paid by the purchaser pursuant to the Contract under the terms and conditions established by the Program Administrator.

J. Dishonored Payments: If a check, automated withdrawal, or other payment by a Purchaser is not honored or not paid in full by the applicable bank or other entity (including stop payments), the payment will be treated as a dishonored payment and subject to a Dishonored Payment Fee (see Program Fee Chart). If the dishonored payment represents the initial payment, the Program may choose not to accept the Contract. If the Contract was previously accepted, the Program will cancel the Contract. If the dishonored payment is a Monthly Purchase option payment, the amounts relating to the dishonored payment and applicable Program Fees will remain due and subject to Late Payment conditions (see Section 8.F).

K. Gifts: A Purchaser may authorize individuals to make Gift contributions toward a Contract. Gifts will only be accepted when accompanied by a signed Gifter Form provided by the Program. The Gift contribution

may be applied to the current or future Monthly Purchase payments of the Contract, subject to the Total Contract Price. If a Gift contribution results in an overpayment that exceeds the Total Contract Price, the overpayment will be refunded to the Purchaser (see Section 8.G). All Gift contributions will be used to meet Contract obligations and will be owned by, and subject to direction solely by, the Purchaser of the Contract, not by the Person making the Gift contribution. Gift contributions may be received at any time.

L. Suspended Contract: A Purchaser may request the monthly payments in a Monthly Purchase option be suspended for a maximum 90 day period without being subject to Termination once during the term of the Contract. The Program may approve the suspension request and will charge a Late Fee for Monthly Purchase. Reinstatement of the Contract will require the payment of all past due payments, any applicable Program Fees accrued during the 90 day period or the Contract will be considered in default. Contracts may only be suspended once during the term of the Contract and a Contract may not be suspended within one year of the stated Matriculation of the Beneficiary.

M. Term of Payments: The term of a Monthly Purchase option must end before the Academic Year the Beneficiary is projected to Matriculate.

N. Due Date of Monthly Payments: Monthly payments of a Monthly Purchase option are due on or before the 15th day of the month in which the obligation is due.

O. Program Fees: Fees currently assessed by the Board:

Enrollment Fee	\$100
Document Replacement Fee (coupon book, welcome pack, or student handbook)	\$7
Late Fee for Lump Sum Plans	\$15 for 1st month (plus 1% per month of outstanding balance for additional months)
Late Fee for Monthly Plans	\$15 per month
Delinquency Fee on any payments over 90 days past due	6.75% per annum (applied to overdue amount)
Private or Out-of State School Fee	\$25
Payment Option Change Fee	\$20
Plan Conversion Fee	\$20
Change of Purchaser Fee	\$20
Dishonored Payment Fee	\$25

Change of Beneficiary Fee	\$20
Termination or Cancellation Fee	\$100
Fraud Penalty	\$250
Interest on Monthly Payment	6.75%
Option	
Early Pay-off Discount	3.75%
Interest on Refunds	0%

The Board in its sole discretion may change existing Program Fees or impose future administrative fees without notice

9. DISTRIBUTION OF BENEFITS

A. Distribution of Educational Benefits:

Educational Benefits distributed from a Contract are payments made only for the Registration Fees for Semester based Credit Hours as determined in a manner prescribed by the Board and have no monetary value to the Purchaser. Additional fees, Surcharges, Mandatory Fees, Tuition Charges or additional costs charged by an Eligible Educational Institution including, but not limited to room or board, supplies, or any application, entrance, parking, technology, athletic, studio fees, or fines are not eligible for payment under the Program or distribution under any Contract. Distribution to Eligible Educational Institutions requested in any form other than Semester Credit Hours (including Quarterly Payment and Clock Hour calculations) will be converted by the Program using a formula prescribed by the Board with guidelines from the Free Application for Federal Student Aid ("FAFSA") for the current Academic Year.

B. Notification of Intent to Enroll: A Beneficiary who intends to begin using Educational Benefits at the start of an Academic Year must notify the Program by returning the Intent to Enroll Form signed by both the Purchaser and the Beneficiary 60 days prior to the start of the Academic Year.

C. Payment to Eligible Educational Institutions: Any distribution of Educational Benefits by the Program on behalf of a Beneficiary will be paid directly to the Eligible Educational Institution to which the Beneficiary has submitted an Intent to Enroll Form.

D. Conditions of Payments to Eligible Educational Institutions: A distribution of Educational Benefits will be made only after the Program determines:

1. The chosen institution is an Eligible Educational Institution.
2. The requested Educational Benefits distribution has been converted to Credit Hours, if the request is from an institution based on Quarterly Payments or Clock Hours.
3. The Program has established third-party billing for each out-of-state and private eligible

educational institution in order to distribute Educational Benefits to the chosen institution and the required Private or Out-of-State Processing Fee has been paid (See Program Fee Chart). If the Eligible Educational Institution will not accept third-party billing from the Program, the Beneficiary must submit to the Program proof of enrollment in the form of a letter, transcript, or enrollment certificate including the Semester Credit Hours Educational Benefits requested to be distributed from the Eligible Educational Institution acceptable to the Program and the Program will then issue payment directly to the Eligible Educational Institution. The Beneficiary is responsible for any reimbursement from the Eligible Educational Institution for any direct payments made to the Eligible Educational Institution.

E. Deferment of Educational Benefits: A Beneficiary who does not intend to begin using Education Benefits during the stated Benefit Use Year must submit a Deferment of Benefits Form signed by the Purchaser and the Beneficiary. All Deferment of Benefits forms must be submitted at least 60 days prior to the start of an Academic Year.

F. Reinstatement of Educational Benefits: Requests to reinstate the use of deferred Educational Benefits should be submitted on an Intent to Enroll Form and submitted at least 60 days prior to the start of the academic Semester in which the Beneficiary will commence use of Educational Benefits.

G. Term of Educational Benefit Use: Distributions will not be made more than two years before the date of the specified Benefit Use Year unless the Beneficiary is a senior in High School and enrolls in an Eligible Educational Institution before that date and provides proper documentation of enrollment acceptable to the Program, and an Intent to Enroll Form to the Program. Commencement of distributions will not be made later than six years from the original Benefit Use Year excluding any period during which the Beneficiary was (1) on active duty in the Armed Services of the United States, (2) been actively serving or participating in a charitable, religious or public service assignment or mission after the expected date of Matriculation, as evidenced by documentation acceptable to the Program Administrator for extension of the term of a Contract. Nor may distribution of Educational Benefits commence after the Beneficiary reaches the age of 30 plus any period during which the Student Beneficiary was (1) on active duty in the Armed Services of the United States, or (2) actively serving or participating in a charitable, religious or public service assignment or mission after the expected

date of Matriculation, as evidenced by documentation acceptable to the Program Administrator.

H. Forfeiture of Contract: The Program may Terminate the Contract if there is no activity on the Contract in the 6 years after the Beneficiary reaches the specified Benefit Use Year and no notification of intended usage or request for extension to the term of the Contract has been received by the Program. Written notification of the forfeiture of Contract will be sent by the Program to the Purchaser, Beneficiary, and any Purchaser's Legal Successor. Parties will have 60 days to respond from the date of the mailing. Failure to respond within the time given will result in the rights to distribution of Educational Benefits being forfeited and the Contract Terminated. The balance of payments made, minus any Program Fees will be turned over to the State Treasurer as unclaimed property for proper disposition.

I. Tax Implications: The Program is not responsible for any taxes imposed on (1) the Contract or (2) any contributions made to the Contract, or (3) the Educational Benefit distributions made from the Contract. Purchaser and Beneficiaries are urged to consult a tax advisor.

10. TERMINATION AND REFUNDS

A. General Rules: All Terminations and Qualified/Non-qualified Refunds will be made in accordance with State law, Program policies and rules, and IRS Code Section 529, including:

1. Qualified Refunds will be made by the Program only for the amount held in the Program for a minimum of three years or such shorter time period as may be imposed by state or federal laws, regulations or policies or approved by the Program Administrator. This three year time limit does not apply to Non-qualified Refunds.
2. The Program may charge Program Fees which may include penalties in connection with a Qualified or Non-qualified Refund (see Program Fee Chart). The Program will deduct all such Program Fees prior to a Qualified or Non-qualified Refund being issued.
3. The Program will make Qualified or Non-qualified Refunds or transfer remaining balances to another Contract, an amount paid to the Purchaser, or an alternate 529 account at the direction of the Purchaser.
4. The Board will set an annual rate of interest on Qualified/Non-Qualified Refunds (see Program Fee Chart).
5. The Board will provide a Qualified or Non-qualified Refund only after deducting Educational Benefit payments the Trust Fund made on behalf

of the Beneficiary. A Qualified or Non-qualified Refund amount shall not exceed the total amount paid by the Purchaser pursuant to the Contract, with the interest on the adjusted amount (Qualified Refunds only) in accordance with the applicable rates established by the Board in the year in which the request is made. (see Program Fee Chart). A Non-qualified Refund amount shall not exceed the total amount paid by the Purchaser.

6. Qualified and Non-qualified Refund and Termination disbursements will be made as soon as practicable following the end of the calendar month of the request to a Purchaser who has agreed to accept in full satisfaction a Qualified/Non-qualified Refund/Termination claim. The amount will not exceed the total amount paid by the Purchaser pursuant to the Contract as of the last business day of the calendar month.

7. Qualified/Non-qualified Refund amounts may be set by the Board at a rate lower than 100% of the Total Contract Price if the Board, in its sole judgment, determines that any such refunds would jeopardize the actuarial soundness of the Fund. If the Board institutes such a policy, a purchaser will have the option to (1) accept an amount determined by the Board, which may be less than the cumulative Monthly Purchase Amount or Lump Sum paid by the Purchaser pursuant to the Contract; or (2) choose to wait until the market value of the Trust Fund is sufficient, in the sole judgment of the Board to provide a Qualified/Non-qualified Refund equal to 100 percent of the cumulative Monthly Purchase Amount/Lump Sum made by the Purchaser. No representation is made regarding the timing when the market value of the Trust Fund will achieve a level of adequacy to provide 100% refund values.

8. Qualified and Non-qualified Refund and Termination requests must be submitted on the Refund Request Form provided by the Program and be notarized and a Program Fee assessed for Non-qualified Refunds (see Program Fee Chart).

B. Termination:

1. Voluntary Termination by Purchaser: The Contract may be terminated upon written request on the prescribed Refund Request Form to the Program by the Purchaser (or, in the case of death or Disability of the Purchaser, the Purchaser's Legal Successor or estate appointee with acceptable documentation provided to the Program). A Termination Fee will be charged (see Program Fee Chart).

2. Death or Disability: Upon submittal of a Refund Request Form and acceptable documentation of the disability, the Program will

issue a Qualified Refund of the cumulative Monthly Purchase Amount or Lump Sum paid into the Contract—less any Program fees and any payments distributed in Education Benefits with interest on the balance in accordance with the applicable rates established by the Board in the year in which the refund request is made (see Program Fee Chart); or under conditions established in Section 6.C a new qualifying Beneficiary may be named.

3. Scholarship: Qualified Refunds for full scholarships that make the Educational Benefits of a Contract unusable must be requested during the Academic Year in which the scholarship is awarded. Documentation must be provided by the educational institution or authority issuing the scholarship and the documentation must be acceptable to the Program Administrator. If acceptable documentation is provided within the required timeframe and approved by the Program Administrator, the Program will amend the Contract to change the identity of the Beneficiary of the Contract under the conditions provided in Section 6.B, or the Purchaser may choose to terminate the Contract pursuant to Section 10.B and receive a Qualified Refund. The Program may waive Program Cancellation Fees.

4. Non-payment: The Program will terminate the Contract and no Qualified or Non-qualified Refund will be issued if the Purchaser fails to make the necessary payments and the outstanding Program Fees exceed the Monthly Purchase payments and Program Fees already paid.

5. Forfeiture or Term: The Contract will be terminated if the Educational Benefits are forfeited because the term of Educational Benefit use has expired or the age of the Beneficiary now exceeds the Program maximum (see Section 9.G). The Program will pay the Purchaser a Non-qualified Refund to the extent the Lump Sum or cumulative Monthly Purchase amount paid into the Contract exceeds cumulative Educational Benefits paid out (if any) under the Contract. A Termination Fee will apply.

6. Fraud: The Program will terminate the Contract and issue a Non-qualified Refund to the Purchaser made up of the Lump Sum or cumulative Monthly Purchase amount paid by the Purchaser, less a Termination Fee, Fraud Penalty and any cumulative Education Benefits paid out, if any of the following have been fraudulently stated on an enrollment form or otherwise:

- a. The age of the Beneficiary;
- b. The grade of the Beneficiary;

- c. The Academic Year in which the Beneficiary (stated benefit use year) is to receive Educational Benefits under the contract;
- d. The Social Security Number of the Purchaser or Beneficiary is invalid;
- e. The residency of the Purchaser, or the Purchaser's academic background, at the time the Open Enrollment Form is submitted to the Program; or
- f. Other matters as determined by the Program Administrator.

7. Actuarial Unsoundness: An actuarial valuation study of the Program shall be made annually by a certified actuary. If this actuary determines that the Program does not have sufficient funds to ensure the actuarial soundness of the Program and the Board reasonably determines there will be an insufficient number of new Contracts in the future with reasonably predictable terms to ensure the actuarial soundness of the Program, the Program may provide Qualified and Non-qualified Refunds at a reduced rate, may pay Educational Benefits at a reduced rate or may Terminate all Contracts and prorate the assets of Program among the existing Contracts. If the Trust Fund is liquidated, the amount to be returned is uncertain and could be less than the Purchaser's contributions. Upon termination of the Program pursuant to this subsection, the Program may stop providing Educational Benefits from the Program and will pay Non-qualified Refunds determined as follows:

- a. The Program will calculate the Contract's "asset value," which is the Lump Sum or cumulative Monthly Purchase Amount paid by the Purchaser, less any Educational Benefits or Qualified/Non-qualified Refunds paid by the Program, less any Program Fees due and payable to the Program;
- b. A percentage of the amount of the total Trust Fund assets after liquidating all of the Trust Fund investments. The percentage is determined by dividing the asset value of a given Contract by the asset value of all Program Contracts combined. This Non-qualified Refund shall be applied, at the option of each Purchaser, either toward the purposes of this Contract on behalf of the Beneficiary, or paid to the Purchaser.

8. Cancellation by the Program for Failure to Provide Information: The Program may cancel a Contract immediately and charge a Termination Fee, if:

a. The Purchaser fails to provide within 90 days of a written request from the Board any reasonable information relating to a Contract.

b. The Purchaser fails to provide a valid Social Security number for the Beneficiary within six months after the date a Contract is accepted.

c. The initial payment in either a Lump Sum or Monthly Purchase option is dishonored.

d. The Purchaser fails to comply with the terms of the Contract (other than failure to make a Monthly Purchase Amount payment by the failure within the time period provided in this Master Agreement.

9. **Three Day Cancellation:** The Purchaser may cancel his/her Open Enrollment application within three business days after the Program receives the Open Enrollment Form. The Program will return all payments to the Purchaser, including the Enrollment Fee. No Termination Fee will be charged.

C. Qualified/Non-qualified Refunds: The Program will calculate the amount of any Qualified/Non-qualified Refund pursuant to the terms of this Master Agreement. The Qualified/Non-qualified Refund amount paid is based on the Lump Sum or Monthly Purchase Amount paid by the Purchaser on the Contract to date less any Program Fees due and payable, and any Educational Benefits already paid on behalf of the Beneficiary:

1. Non-Qualified Refund Due to Bankruptcy: If a Non-qualified Refund is requested by the Purchaser due to bankruptcy, the Purchaser must provide the Program with a copy of the bankruptcy filing. The Contract will be valued as in Section 10.B.7 and the value will be equal to the calculated asset value of that provision.

2. Rollover of Qualified/Non-qualified Refund: The Purchaser may choose to have any Qualified/Non-qualified Refund administered as a rollover to a qualified 529 Plan. Rollovers between 529 Plans for the same Beneficiary or a new Beneficiary must provide acceptable documentation as detailed in Section 5.C. The Qualified/Non-qualified Refund must be re-invested within 60 days and the Beneficiary of the accepting plan must be an eligible Family Member. Rollover requests must be submitted on a completed Rollover Request Form provided by the Program. Requests that do not meet these requirements will be considered under Section 10.B Terminations.

3. Tax Implications: The Program shall not be responsible for any state or federal taxes imposed on the Purchaser, the Beneficiary, or otherwise in

connection with any Qualified/Non-qualified Refund, including the 10 percent penalty tax payable to the IRS in connection with a Non-qualified Refund. The Program sends a tax document to recipients of Qualified and Non-qualified Refunds and any distributions made during the calendar year as required by the IRS. The tax document details the gross distribution, gain (or loss), and the basis of all distributions.

D. Appeals: Appeals of Cancellation, Terminations and Qualified/Non-qualified Refunds must be made in writing to the Program Administrator by a Purchaser within 30 days of a notice by the Program to cancel or Terminate a Contract. Appeals of cancellations, Terminations, assessment of Program Fees and special petitions for conversions and waivers will be decided by the Program Administrator. An aggrieved party may appeal the decision of the Program Administrator to the Board by the filing of a written request within 30 days of the notice of denial of appeal by the Program. The Board will conduct a review of the merits of the appeal and render final decision at the Board's next regularly scheduled meeting.

11. CONTRACT AMENDMENT AND CONVERSION

A. Contract Amendments and Plan Conversion: The Purchaser may request the conversion of a Contract either for method of payment or for selection of Plan. The Purchaser must submit the request on a Contract Conversion Form and all required Program Fees and any additional sum the Program determines in its sole judgment to be necessary as a result of the conversion or amendment in the interest of maintaining the Actuarial Soundness of the Trust Fund. The Contract in question must meet the following criteria:

1. No Educational Benefits have been disbursed pursuant to the Contract.
2. The Purchaser is not in default on the Contract.
3. The Contract has not otherwise been Terminated.
4. The Plan requested must have been available for the Open Enrollment year the Contract was purchased.

B. Fees and Costs: Amendments to the method of payment (Section 7) and conversion from one Credit Hour Plan (Section 3) to another will likely have Contract price implications to the Purchaser. The Program will determine the change in Total Contract Price, change in monthly payments (where applicable) the proposed amendment/conversion will impose, and provide new Contract documents to the Purchaser detailing the changes prior to the due date of the first new payment. The Purchaser may choose to pay any

difference in plan cost either in a Lump Sum or through an amendment in the remaining Monthly Purchase Amount payments. Applicable Program Fees and interest will apply.

C. Non-Qualified Refunds Due to Conversion: Any Non-qualified Refund amount due to conversion to a lower cost Plan will be made by the Program as soon as practicable following the end of the calendar month.

12. OPERATION OF THE FUND

A. Higher Education Prepaid Tuition Trust Fund:

Amounts received from Contracts under the Nevada Prepaid Tuition Program are commingled and held by the Board of Trustees of the College Savings Plans of Nevada and/ or invested in the Higher Education Prepaid Tuition Trust Fund. The Trust Fund consists of payments received pursuant to a Contract; bequest, endowment, or grant funds from the federal government; and any other public or private sources of money. The Program will not separately invest amounts paid under an individual Contract, but will maintain records showing the Purchaser; the Beneficiary; the amounts paid; the type of Plan purchased; and any distributions of Educational Benefits, Program Fees (already paid, as well as due and payable), and Qualified/Non-Qualified Refunds (to date or pending) in connection with the Contract.

B. Program Administrator: As the Administrator of the Program and Trust Fund, the State Treasurer's Office maintains the financial records and any associated accounts of the Trust Fund.

C. Investment and Use: The Program is permitted to invest amounts paid under the Contracts in accordance with state law and any Investment Policies of the Board.

D. Investment Not Subject to Direction: Contract Purchasers and Beneficiaries may not direct the investment of amounts paid to or otherwise held by the Program in connection with any Contract.

E. Use: The Program may apply amounts received under the Contracts on a commingled basis to pay for or reimburse the State Treasurer's Office for administrative expenses in connection with the Program.

F. Reserve: As part of the contract pricing, the Program will accumulate amounts as a stabilization reserve, available to pay immediate obligations of the Program if the Program does not otherwise have revenues at any particular point in time sufficient to pay such obligations.

G. Annual Analysis: In accordance with State law, the Program undertakes an annual valuation study using a certified actuary to determine the actuarial soundness of the Program and conducts an annual audit

using a certified public accounting firm. The results of the actuarial valuation are used to determine the price of future Contracts and stabilization reserve embedded in the Contract pricing. The reports are available to the public at www.NVPrepaid.gov or upon request.

H. Fund Termination: If the Board determines (in its sole judgment) that the Program is not financially viable, or for any other reason determines that the Program shall be terminated, the Board will cease to accept any further Contracts and notify all current Contract Purchasers of the plan for final disbursements (as a Non-qualified Refund to the Purchaser or the Beneficiary) from the Trust Fund as outlined in Section 10.B.7.

I. No State Guarantee: The Nevada Prepaid Tuition Program is not guaranteed by the State of Nevada and is not an obligation of the taxpayers of the State. The Contract is not an obligation of the State of Nevada and neither the full faith and credit nor taxing power of the State is pledged directly or indirectly or contingently, morally or otherwise, to the payment of Educational Benefits or a Qualified/Non-qualified Refund from the Contract. The Board cannot directly or indirectly or contingently obligate, morally or otherwise, the State to levy or pledge any form of taxation whatsoever, or to make any appropriation for the payment of the Contract or Qualified/Non-qualified Refund.

13. MASTER AGREEMENT AMENDMENTS & PROVISIONS

A. Changes in Contract Prices: Prices are based in large part on actuarial assumptions established on an annual basis and such prices may be changed from time to time by the Board, at its sole discretion.

B. Entire Agreement: This Master Agreement is considered a part of all Contracts and represents the entire understanding of the parties.

C. Invalid Provisions: If any portion of this Master Agreement or Contract shall be found to be invalid or unenforceable by any court, that portion shall be severed from this Master Agreement and/or Contract and the remainder will remain in full force.

D. Captions: The captions in this Master Agreement and any Contracts are for convenience only and in no way limit the intent of any provision of this Master Agreement or any Contracts.

E. Amendment to Contracts and Master Agreement: The Board reserves the right to amend any Contract to the extent required by law or to the extent necessary or desirable in order to preserve favorable tax treatment under federal and state law or for reasons in the interest of the Purchaser and the Program to make technical corrections. The Board

may in future years unilaterally amend this Master Agreement or individual Contracts if necessary to make reasonable changes including, but not limited to, administrative procedures, Program Fees (as listed in 8.O.), and methods of calculation of Contract prices. Any such changes shall be implemented across all Contracts affected by the amendment. Purchasers choosing not to be bound by any such Contract changes may elect to terminate the Contract and receive a Non-qualified Refund, which may include Program Fees imposed by the Board. Master Agreements are published on the Nevada Prepaid Tuition website at www.NVPrepaid.gov.

14. GENERAL TERMS

A. Judgment or Attachment: It is the intent of the parties that the right to Educational Benefits or Qualified/Non-qualified Refunds shall not be subject to any attachment, garnishment, seizure, or attachment by creditors of the Purchaser or Beneficiary.

B. Tax Considerations: The Contract is offered pursuant to Nevada Revised Statute (“NRS”) 353B and the Nevada Administrative Code (“NAC”) 353B promulgated under these statutes. The Contract is intended to qualify for the tax benefits described and required in Code 529. The Program is not liable for the effect of any state or federal taxes on any transactions or activity in conjunction with the Contract. Potential Purchasers are strongly advised to consult a tax advisor.

C. Arbitration: Any controversy or claim arising out of or relating to a Program Contract and this Master Agreement, or breach, Termination, or questions relating to the validity thereof, shall be settled by arbitration administered by the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules. Judgment on any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

D. Attorney Fees: Except as otherwise provided by law or the Contract and this Master Agreement, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and the prevailing party’s reasonable attorneys’ fees and costs. It is specifically agreed that reasonable attorneys’ fees shall be not more than \$125 per hour.

E. Liability Limitations: The State and the Board will not waive and intends to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Damages for any breach shall never exceed

the amount of accrued financial obligations to either party under this Contract at the time of breach.

F. Prevention of Performance of Contract: Neither the State nor the Board nor the Program Administrator shall be deemed to be in violation of any Contract or this Master Agreement if prevented from performing any of their obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event, the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

G. Failure to Declare Breach: Failure to declare a breach or the actual waiver of any particular breach of any Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

H. Sale of Contract: A Contract may not be sold for any reason. A Contract may not be used as security for any loan.

I. Impact on Financial Aid: The Program cannot determine and makes no representation as to what effect, if any, a Contract may have on the current or future state, federal, institutional, or private financial aid eligibility of any student Beneficiary.

J. Student Eligibility: Purchase of a Contract or participation in the Program, including being named as a Beneficiary under a Contract, does not constitute a guarantee or a promise by the Program or the State that a Beneficiary will be admitted to any or a particular Eligible Educational Institution, or be allowed to continue to attend an Eligible Educational Institution after having been admitted, or will graduate from an Eligible Educational Institution.

K. Nevada Law: The Contract is to be interpreted under the laws of the State of Nevada. All parties consent to the jurisdiction of Nevada’s district courts for enforcement of the Contract and this Master Agreement. The provisions of NRS 353B and NAC 353B, as amended from time to time, are incorporated into and govern the interpretation and performance of this Master Agreement and individual Contracts.

L. Notices to Program: Notices to the Program must be sent by mail to:

Nevada Prepaid Tuition
Office of the State Treasurer
555 East Washington Avenue, Suite 4600
Las Vegas, NV 89101

M. Records: Records for the Program shall be subject to the public disclosure laws of the State. Individual Contract records shall be subject to the privacy policy of the Board.

N. Forms: Electronic forms and signatures may be accepted at the discretion of the Program Administrator. All forms are available on the Nevada State Treasurer's website www.NVPrepaid.gov or by contacting the Nevada Prepaid Tuition Office:

Nevada Prepaid Tuition Office of the State Treasurer
555 E. Washington Avenue, Suite 4600
Las Vegas, NV 89101
PrepaidTuition@NevadaTreasurer.gov
Phone (888)477-2667(toll free) or (702) 486-2025
Fax (702) 486-3246

Program Fee Chart

<u>Type of Fee</u>	<u>Amount</u>
Non-refundable Enrollment Fee	\$100
Document Replacement Fee(for example, a payment coupon book)	\$ 7
Late Fee for Lump Sum Plans	\$ 15 for 1 st month(plus 1% per month of outstanding balance for additional months)
Late Fee for Monthly Plans	\$ 15 per month
Delinquency Fee on any payments over 90 days past due (applied to overdue amount)	6.75% per annum
Out-of-State School Processing Fee	\$ 25
Payment Option Change Fee	\$ 20
Plan Conversion Fee	\$ 20
Change of Purchaser Fee	\$ 20
Dishonored Payment Fee	\$ 25
Change of Beneficiary Fee	\$ 20
Contract Termination Fee	\$100
Fraud Penalty	\$250
Interest on Monthly Payment Option	6.75%
Early Pay-off Discount	3.75%
Interest on Refunds	0%

NOTE: The Board, in its sole discretion, may change existing Program Fees or impose future administrative fees without notice. Program Fees are always published on our website at www.NVPrepaid.gov.

The Board of Trustees of the College Savings Plans of Nevada

Kate Marshall – Nevada State Treasurer, Chair

Mike Torvinen, - Director of Administration Appointee

Crystal Abba - Chancellor of the Nevada System of Higher Education Appointee

Edward (Ned) Martin - Governor Appointee

Robert (Bob) Seale - Governor Appointee

Program Office

Mailing Address:

Nevada Prepaid Tuition
555 E. Washington Avenue, Suite 4600
Las Vegas, NV 89101

Telephone: 1-888-477-2667 (toll free), or 702-486-2025

Fax: 702-486-3246

Email: PrepaidTuition@NevadaTreasurer.gov

Payment address:

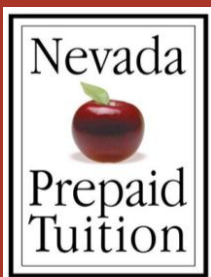
Nevada Prepaid Tuition
PO Box 844490
Los Angeles, CA 90084-4490

Office Hours: Weekdays 8:00 am to 5:00 pm (excluding state holidays)

A potential Purchaser should consider the objectives, risks and expenses associated with the Program before participating. This Program Description and Master Agreement contain important information and should be read carefully before making a decision about the Program. If a Purchaser or Beneficiary is not a Nevada resident or taxpayer, they should consider whether their home states offer 529 plans that would provide state tax and other benefits that are not available by participating in the Nevada Prepaid Tuition Program.

Contracts in the Program are not an obligation of the State of Nevada and neither the full faith and credit nor taxing power of the State is pledged directly, indirectly, or contingently to payment of the Contracts. Contracts are secured solely by the assets in the Trust Fund, which are not insured by the FDIC, Federal Reserve, the State of Nevada, the Board, the Nevada Treasurer, or any other government agency. The Board cannot directly or indirectly or contingently obligate morally or otherwise, the State to levy or pledge any form of taxation whatsoever or to make any appropriation for the payment of the Contract.

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